BRAZILIAN TRACTION LIGHT AND POWER COMPANY LIMITED

TWENTY-FIFTH ANNUAL REPORT

FOR THE YEAR ENDED
31ST DECEMBER 1937

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Brazilian Traction, Light and Power Company, Limited.

(Incorporated under the Laws of the Dominion of Canada.)

AUTHORIZED SHARE CAPITAL.

ORDINARY SHARES —**7,600,000 shares of No Par Value, subject to increase up to a total of 7,933,333 shares of No Par Value by conversion of Preference Shares.**

PREFERENCE SHARES—**100,000 shares of the Par Value of $100 each, convertible into Ordinary Shares of No Par Value on the basis of 3 Preference Shares for 10 Ordinary Shares. (Approximately 96% of these shares have been converted at the date of this report.)**

Board of Directors.

MILLER LASH, K.C., *President.*

E. R. WOOD, *Vice-President.*
H. MALCOLM HUBBARD, *Vice-President.*
SIR HERBERT COUZENS, K.B.E., *Vice-President.*
RIGHT HON. SIR THOMAS WHITE, G.C.M.G.
D. B. HANNA
S. G. CROWELL.
WALTER GOW, K.C., *Vice-President.*
A. W. K. BILLINGS, *Vice-President.*
SIR ALEXANDER MACKENZIE, K.B.E.
SIR JOHN AIRD.
A. P. HOLT.
C. D. MAGEE.

Secretary and Treasurer.

A. W. ADAMS.

Assistant Secretaries.

D. H. CROMAR. W. D. HOOPER.

Bankers.

THE CANADIAN BANK OF COMMERCE, TORONTO, NEW YORK AND LONDON.
THE BANK OF SCOTLAND, EDINBURGH AND LONDON.
LLOYDS BANK LIMITED, LONDON.

Solicitors.

BLAKE, LASH, ANGLIN & CASSELS, TORONTO.

Auditors.

CLARKSON, GORDON, DILWORTH & NASH, TORONTO.

Offices.

HEAD OFFICE - 25 KING STREET WEST, TORONTO 2, CANADA.
LONDON AGENTS - CANADIAN & GENERAL FINANCE CO., LIMITED, 3 LONDON WALL BUILDINGS, E.C. 2.

Brazilian Traction, Light and Power Company, Limited.

TWENTY-FIFTH ANNUAL REPORT

OF THE

BOARD OF DIRECTORS TO THE SHAREHOLDERS

For the Year ended 31st December, 1937.

THE Board of Directors beg to submit their Twenty-fifth Annual Report and Accounts, together with a report by the President on the enterprises in Brazil.

The revenue of the Company resulting from the year's operations was as follows:

Revenue from Operating Companies		$11,375,104.10	
Interest on Investments and other Miscellaneous Income		212,427.04	
			$11,587,531.14
General and Administration Expenses		$ 401,249.94	
Provision for General Amortization		300,000.00	
			701,249.94
Net Revenue			$10,886,281.20
Four Quarterly Dividends on Preference Shares		$ 23,604.00	
Dividends on Ordinary Shares:			
50 cents per share paid 10th July, 1937	$3,511,957.72		
50 cents per share declared December, 1937, payable 25th January, 1938	3,512,133.38	7,024,091 10	7,047,695.10
Balance			$ 3,838,586.10

The net revenue shown in the above statement (less the dividends paid on the preference shares), is equivalent to

approximately $1.54½ per share on the outstanding ordinary share capital at the end of the year.

The following comparative statement shows the combined earnings and charges of the operating companies and of this Company, and the resulting net income of this Company for the past four years.

Excluding Inter-Company Items.	Year ended 31st December			
	1934.	1935.	1936.	1937.
Gross Earnings from Operation	$30,692,415	$30,221,757	$32,197,610	$38,555,900
Miscellaneous Revenue of Operating Companies	539,166	357,637	196,070	442,145
Total Revenue of Operating Companies	$31,231,581	$30,579,394	$32,393,680	$38,998,045
Less: Operating Expenses	$14,616,593	$14,144,485	$14,507,503	$17,379,793
Charge for Depreciation and Renewals	8,067,847	8,008,054	8,286,742	6,809,016
Bond Interest	3,435,104	2,000,103	1,984,786	1,979,221
Sinking Funds and other Charges	884,102	674,406	667,670	754,911
Provision for General Amortization	.....	500,000	500,000	700,000
Total Charges of Operating Companies, (excluding Interest on Advances from Brazilian Traction, Light & Power Company, Limited)	$27,003,646	$25,327,048	$25,946,701	$27,622,941
Balance being Revenue to Brazilian Traction, Light & Power Company, Limited	$ 4,227,935	$ 5,252,346	$ 6,446,979	$11,375,104
Interest on Temporary Investments	$ 63,209	$ 77,419	$ 96,978	$ 107,141
Miscellaneous Income	191,065	211,987	92,417	105,286
	$ 254,274	$ 289,406	$ 189,395	$ 212,427
Gross Revenue, Brazilian Traction, Light & Power Company, Limited	$ 4,482,209	$ 5,541,752	$ 6,636,374	$11,587,531
General and Administration Expenses	$ 346,710	$ 331,514	$ 392,486	$ 401,250
Provision for General Amortization	500,000	.....	.....	300,000
Total Charges, Brazilian Traction, Light & Power Company, Limited	$ 846,710	$ 331,514	$ 392,486	$ 701,250
Net Revenue, Brazilian Traction, Light & Power Company, Limited	$ 3,635,499	$ 5,210,238	$ 6,243,888	$10,886,281

During 1937 Brazilian exchange showed an improvement on the average as compared with 1936 with consequent benefit in the operating results when expressed in dollars.

As will be seen by reference to the statistics appended to this report increases in the volume of business were again recorded during 1937 in all services of the operating companies.

During the first part of 1937 there was a marked improvement in the exchange value of the milreis quoted on the free market and early in August the rate reached 6.70 cents for sight drafts on New York but commencing in the latter part of August a decline set in which continued to the end of the year. At the close of 1936 the rates on the free market for sight drafts on New York and London were respectively 5.95 cents and 2-29/32d. as compared with 5.71 cents and 2-3/4d. at the close of 1937, the last mentioned rates however being largely nominal due to restrictions in force. While general control of exchange through the Bank of Brazil as explained in previous reports continued during 1937 the restrictions governing exchange transactions which had been to a large extent relaxed during the early part of the year were in the latter part of September again tightened, the rates quoted thereafter being largely nominal with limited exchange available even for payment of imports. In November as an aid to coffee and other exports the exchange quota of 35% at the official rate applicable to most export bills, retained by the Bank of Brazil for official purposes, was abolished by decree and in the latter part of December under a further decree the Bank of Brazil was given a monopoly of foreign exchange for distribution under certain conditions and a tax of 3% was imposed on all remittances abroad for imports or other purposes, the proceeds of such tax to be credited to an exchange fund at the disposition of the government. After the end of the year there was some improvement in the situation and exchange was gradually made available to meet the arrears of payments for imports. At present payments for current imports only are being met although somewhat delayed but it is hoped that within a reasonable time exchange for remittances for other purposes will become available.

All payments have been punctually made to date under the agreement dated 29th June, 1933, referred to in previous

reports, between the Bank of Brazil on behalf of the Government and N. M. Rothschild & Sons, providing for the liquidation in sterling by monthly instalments over six years, of certain milreis accumulations deposited with the Bank of Brazil by the participants in the arrangement including our companies.

The rates for certain services arbitrarily fixed by the authorities as described in previous reports still remain in effect and the Board regret they are unable to report any substantial progress in the adjustment of this situation.

The current assets and liabilities of the operating companies in Brazil were valued at the end of the year in dollars at the closing sight rate of exchange on New York at which the Bank of Brazil accepted deposits against exchange for payment of imports. The combined earnings in dollars of the operating companies for the year which were published monthly and appear in total in the tabulated statement on page 4 of this report, represent the milreis figures calculated at the officially published average sight rates for exchange transactions on New York.

As a result of studies made by the management in Brazil the basis for the annual provision for depreciation of physical properties has been revised and under the modified scale now adopted there has been set aside by the operating companies in the past year the aggregate sum of $6,809,016. On the other hand, it has been considered prudent to provide larger sums for general amortization and therefore the aggregate amount set aside for this purpose for the year has been increased to $1,000,000.

The cash expenditure on the properties of the operating companies during the year amounted to approximately $15,400,000, representing additions, improvements and replacements essential to the proper carrying on of the services. The necessary adjustments have been made in plant and depreciation accounts in respect of works renewed or replaced.

It is with deep regret that the Board record the death on 30th October, 1937, of Mr. R. C. Brown, director and vice-president of this Company and of a number of its subsidiaries and associated companies. Mr. Brown's association dates back to the inception of the enterprise as he was the first general manager of The São Paulo Tramway, Light and Power Company, Limited, following its organization in 1899. He retired from that position in 1901. In 1915 he became a member of the Board of Brazilian Traction, Light and Power Company, Limited, subsequently becoming a vice-president of that and the other companies above mentioned. The Board desire to acknowledge their appreciation of the valuable services rendered by Mr. Brown during the long period of his association with the companies and to express the high esteem in which he was held by all his colleagues.

The Board regret to report the resignation as a director of the Company of Mr. J. W. McConnell who, on assuming the presidency of the Montreal Star Company, Limited, decided to retire from the boards of practically all of the corporations with which he was associated, and on his retirement the Board express their appreciation of his services and deep interest in the Company's affairs.

Your directors desire to express their continued sense of appreciation of the loyal and efficient services rendered by all of the executive officers, heads of departments and other officials of the operating companies in Brazil.

A map showing the operating companies' properties in Brazil and statistics and charts showing the growth of the different services are also appended.

By Order of the Board,

A. W. ADAMS,

Secretary.

TORONTO, CANADA,

May 5th, 1938.

REPORT OF THE PRESIDENT.

To the Board of Directors of the Brazilian Traction, Light and Power Company, Limited.

Transportation.

As in previous years no progress was made in negotiations for the reform of the companies' franchises for transportation services which at present fares are unsatisfactory and unremunerative.

The management of The São Paulo Tramway, Light and Power Company, Limited with the approval of the Board have informed the authorities of the city of São Paulo that the company will not be prepared to continue the tramway service in the city after the termination of its exclusive privilege in 1941.

Tramways.

Various small track extensions were made and certain track removed, with the result that at the end of the year there was a net decrease of 1.83 miles of track in operation. This decrease is due largely to the rerouting and withdrawal of the trams from certain congested areas in the city of São Paulo carried out in agreement with the municipal authorities. 19.49 miles of track were reconstructed.

38 passenger cars were added to the companies' tramway rolling stock, all of which were built in the companies' shops, and 2 old service cars were withdrawn from service, making a net increase of 36 cars.

Buses.

The combined fleet at the end of the year numbered 149 buses, a decrease of 15 vehicles accounted for by the discon-

tinuance as from April 14th, 1937 of the bus service in Santos due to the unsatisfactory conditions of operation in that city.

Shops and Stores.

The companies continue the policy of extending the scope of manufacture in the shops of articles required for the various services operated by the companies, thereby increasing employment in Brazil and reducing imports.

Electric Light and Power.

Generating Plants.

Construction of the Serra development near São Paulo continues to keep pace with the growth of load in the area served. The installation of the 4th generating unit nearly identical with the 3rd unit at the Serra power house is almost completed. During the year a 5th generating unit of similar size was put in hand and the penstock erection therefor was begun in December. When the 5th unit is in operation scheduled for the end of 1938 this station will have a capacity of about a third of a million horse power. The rectification work on the Grande, Guarapiranga and Pinheiros rivers progressed satisfactorily during the year.

Distribution System.

During the year the connected transformer capacity was increased by the addition of 150,158 K.V.A. bringing the total up to 1,284,219 K.V.A. The construction of new duct lines and extensions of the underground cable system during the year increased the totals to 1,249.12 and 1,343.69 miles respectively.

The mileage of transmission lines in service at the end of the year totalled 1,913.16 miles. Overhead distribution lines showed an increase of 1,326.72 miles, the total mileage in service at the end of the year being 24,855.26 miles.

The total number of poles set at the end of the year was 199,925, compared with 192,409 in 1936.

In the Federal District of Rio de Janeiro 1,171 electric lamps were added to the public illumination system, bringing the total number connected at the end of the year to 33,103.

In the city of São Paulo the net gain in electric lamps for public illumination was 1,798, the total number in service at the end of the year being 18,059. The substitution of electric lighting for gas was practically concluded, 829 gas lamps having been disconnected.

The new electric service was inaugurated on July 10th on suburban trains of the Central Railway of Brazil (the important Federal Government railway) between Rio de Janeiro and Madureira and in February, 1938 this service was extended from Madureira to Nova Iguassú and was at the same time inaugurated on the branch line to Bangú. As stated in last year's report, the electrical energy for the operation of the electrified sections is supplied by The Rio de Janeiro Tramway, Light and Power Company, Limited under contract signed in December, 1936.

Gas.

In the Rio de Janeiro gas works expenditures were confined to certain additions and improvements necessary to maintain the efficiency of the service.

In São Paulo added improvements were installed to facilitate storing, loading and distributing coke including the erection of a new coke screening plant. Additional mains laid in São Paulo totalled 6.32 miles.

In the Santos area 3.58 miles of additional mains were laid during the year.

Telephones.

The increase in the number of telephones in service during 1937 was 16,988.

In the Federal District of Rio de Janeiro the erection of a one storey building to accommodate the Piedade automatic

exchange was completed and two floors were added to the present Villa automatic exchange building.

In the state of Rio de Janeiro the exchange equipment in Nictheroy was increased by the installation of 15 additional switchboard positions which provided for 700 further subscribers lines and increased the local common battery equipment to 5,440 lines.

In the state of Minas Geraes the exchange buildings in Varginha and São Sebastião do Paraiso, referred to in last year's report, were completed and both the installations reconstructed and amplified. The local plants at Leopoldina and Mar de Hespanha were also reconstructed and new magneto equipment installed in the former.

In the city of São Paulo the new general office building in Rua 7 de Abril commenced in 1936 was well advanced and it is expected that it will be completed in 1938. The re-modelling and extension of the Sant'Anna exchange building was completed during the year and a 700 line automatic unit installed to replace the existing 320 line manual switchboard. At the Jardim and Palmeiras exchanges the installation of 1,000 additional lines of automatic equipment in each was completed. The installation of a new 40 position dial toll switchboard was completed and all toll lines entering São Paulo were cut-over from the old to the new toll board resulting in considerably speeding up the toll call service.

In the state of São Paulo additional automatic equipment was installed in Santos, a new local plant constructed at Gallia and the plant at Queluz completely reconstructed.

The number of automatic telephones in service on the company's system at the end of the year was 112,484, an increase of 12,496 over 1936. During the year, throughout the area served by the company, the net increase in toll line extensions

placed in service totalled 5,846.71 miles, underground conduit constructed 137.2 miles, underground cable laid 94.3 miles and 69.5 miles of aerial cable strung. The net increase in the number of poles set at the end of the year was 10,692.

The international radio telephone service was by agreement with the local authorities made available in two additional municipalities in the state of São Paulo, namely Bragança and Amparo.

General.

The combined companies' services continued to show growth. Compared with 1936 there was an increase in passengers carried by the transportation services of 3.49% and in kilowatt-hours sold an increase of 9.45% while the gas sales and telephone services showed increases of 7.62% and 10.24% respectively. While these indications of growth are in themselves satisfactory it must be borne in mind that the low rates imposed in certain of the services, together with increasing costs of operation, notably in the gas enterprises, have considerably affected the operating results of these services.

Official Brazilian foreign trade statistics for the year 1937 show a net balance of trade in Brazil's favour expressed on a gold basis of £1,922,253 as against £9,003,523 in 1936, a decrease of £7,081,270 or 78.65%, while expressed on a sterling paper basis the corresponding figures were £3,329,325 and £14,811,589 a decrease of £11,482,264 or 77.52%. This decrease is principally due to an increase in the sterling gold value of imports as compared with 1936 of 35.06% whereas exports only increased 8.86%.

Exports of raw cotton from Brazil in 1937 continued to increase steadily both in volume and value there being an increase over the 1936 figures of 35,868 tons or 17.91% and £563,000 gold or 7.55%. Expressed as a percentage of Brazil's total exports the sterling gold value was 18.85%.

Shipments of oranges, hides, frozen meat, manganese ore, precious stones and other products of Brazil during the year also showed considerable increase compared with the year 1936.

The quantity of coffee exported during the year amounted to 12,122,809 bags, a decrease of 2,062,697 bags or 14.54% as compared with 1936. Due however, to higher prices during the first half of the year the total value of coffee exported during 1937 showed a slight increase of £102,000 or 0.57% in sterling gold compared with 1936. Expressed as a percentage of Brazil's total exports, coffee represented in gold value 42.06% in 1937, 45.52% in 1936, 52.63% in 1935 and 73.12% in 1933. It will be seen from these figures that coffee's predominant position in Brazil's exports is gradually becoming less marked due partly to the increased exportation of other products, particularly cotton. During the year 17,196,428 bags of coffee were destroyed, bringing the total quantity eliminated up to December 31st, 1937 to 56,728,914 bags.

On November 13th, following an announcement on November 3rd of the Government's intention to modify its coffee policy, a Decree-law was signed by the President of the Republic determining, among other measures, the reduction of the 15 shillings (45 milreis) per bag export tax to 12 milreis per bag. The Brazilian coffee exchanges were closed to prevent speculation and as was to be expected, the price of coffee in foreign markets fell sharply, seriously affecting Brazil's balance of trade for the last two months of the year. It is hoped however that the drop in price will result in an increase of coffee shipments from Brazil.

In November, 1937 a new constitution was promulgated, substituting that of 1934 and is to be submitted to a national plebiscite, the date for which has not yet been fixed. Dr. Getulio Vargas who has been head of the government since 1930 continues as President with widened powers. It is felt that these changes should not adversely affect the interests of our companies.

MILLER LASH,
President.

April 26th, 1938.

AUDITORS' REPORT.

To the Shareholders of the Brazilian Traction, Light and Power Company, Limited:

We have audited the Head Office accounts of the Brazilian Traction, Light and Power Company, Limited, The Rio de Janeiro Tramway, Light and Power Company, Limited (and its subsidiary, Brazilian Telephone Company), The São Paulo Tramway, Light and Power Company, Limited, São Paulo Electric Company, Limited (and its subsidiary, The San Paulo Gas Company, Limited), The City of Santos Improvements Company, Limited and Brazilian Hydro Electric Company, Limited, and have examined the certified reports and statements of Messrs. McAuliffe, Turquand, Youngs & Co., (formerly McAuliffe, Davis, Bell & Co.) Chartered Accountants, in connection with all the subsidiary companies above enumerated except The City of Santos Improvements Company, Limited, in respect of which company we have examined the certified report and statement of Messrs. Deloitte, Plender, Griffiths & Co., Chartered Accountants, covering the capital and revenue accounts and provisions for depreciation in Brazil for the year ended 31st December, 1937. We have obtained all the information and explanations which we have required. Subject to the foregoing we report that, in our opinion, the attached Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs at that date, according to the best of our information, the explanations given to us and as disclosed by the books of the companies.

The net revenues of the operating companies owned or controlled by Brazilian Traction, Light and Power Company, Limited, after provision for or payment of all losses, expenses and charges including depreciation, bond interest and sinking funds, as provided under contracts with them, are payable to and are included in the profit and loss account of the Brazilian Traction, Light and Power Company, Limited.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants,
Auditors.

Toronto, May 2nd, 1938.

CONSOLIDATED BALANCE SHEET OF

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY, LIMITED,

THE RIO DE JANEIRO TRAMWAY, LIGHT AND POWER COMPANY, LIMITED,
(and its Subsidiary, BRAZILIAN TELEPHONE COMPANY),

THE SÃO PAULO TRAMWAY, LIGHT AND POWER COMPANY, LIMITED,

SÃO PAULO ELECTRIC COMPANY, LIMITED,
(and its Subsidiary, THE SAN PAULO GAS COMPANY, LIMITED),

THE CITY OF SANTOS IMPROVEMENTS COMPANY, LIMITED and

BRAZILIAN HYDRO ELECTRIC COMPANY, LIMITED.

31st December, 1937.

ASSETS.

Capital Account—			
Properties, Plant and Equipment, Construction Expenditure, at cost, including interest during construction, etc.		$253,895,189.53	
Cost of Shares and Securities of and Advances to Companies owned or controlled by Subsidiary Companies, including premium paid on Shares of Subsidiary and Sub-subsidiary Companies acquired		85,767,110.94	
Rights, Franchises, Contracts, Goodwill, etc.	$40,676,714.23		
Discount and Issue Expenses on Bonds and Debentures	4,628,367.59		
		45,305,081.82	
			$384,967,382.29
Sinking Fund Holdings, at cost—			
São Paulo Electric Company, Limited, First Mortgage Bonds			2,156,619.20
Current Assets—			
Stores in hand and in transit, including construction material		$ 11,032,970.01	
As determined and certified by the management, at prices not exceeding cost.			
Sundry Debtors and Debit Balances after provision for doubtful accounts		6,915,817.53	
This account includes bonds of subsidiary companies held for sinking fund purposes also amount of deposit, less instalments paid, under the so-called "Rothschild agreement" (Brazilian Government plan for liquidating in sterling during 6 years from August 1933 certain milreis accumulations awaiting remittance).			
Temporary Investments in Bonds of the Dominion of Canada or guaranteed by the Dominion of Canada at book value (Market value, $5,102,055.25)		4,976,574.34	
Cash		15,550,877.97	
			38,476,239.85
			$425,600,241.34

Note—The current assets and liabilities of the operating companies in Brazil were valued at the end of the year in dollars at the closing sight rate of exchange on New York at which the Bank of Brazil accepted deposits against exchange for payment of imports.

LIABILITIES.

Capital Stock—issued and outstanding—			
7,028,459 Ordinary Shares of no par value		$179,322,363.65	
3,934 Six Per Cent. Cumulative Preference Shares of the par value of $100 each		393,400.00	
In addition to the above, 16,011 Preference Shares have been transferred to the Secretary on behalf of the Company in respect of the conversion of 96,066 Preference Shares into Ordinary Shares.			
Shares of Subsidiary and Sub-subsidiary Companies outstanding—			
32 Ordinary Shares of the par value of $100 each	$ 3,200.00		
14,543 Six Per Cent. Cumulative Preference Shares of £10 each (£145,430)	707,759.33		
200,000 Six Per Cent. Cumulative Preference Shares of £1 each (£200,000)	973,333.33	1,684,292.66	
Total Capital Stock outstanding			$181,400,056.31
Funded Debt—(Secured by Trust Deeds)—			
The Rio de Janeiro Tramway, Light and Power Company, Limited—			
Five per cent. 50-Year Mortgage Bonds (1st April, 1958)—Balance after Sinking Fund Redemptions (£3,462,298)	$16,849,848.69		
Five per cent. 22-Year Bonds (1st October, 1950) (£271,177) Unsecured	1,319,730.50	$ 18,169,579.19	
The São Paulo Tramway, Light and Power Company, Limited—			
Five per cent. Perpetual Consolidated Debenture Stock (£821,917)		3,999,996.05	
São Paulo Electric Company, Limited—			
Five per cent. 50-Year First Mortgage Bonds (1st January, 1962) (£2,000,000)		9,733,333.33	
			31,902,908.57
In addition, there are bonds outstanding, chiefly in sterling, of companies owned or controlled by a subsidiary company, equivalent to $6,828,098 at par of exchange, on which the interest and sinking fund charges for the year amounting to $407,767 are provided out of the revenue of the subsidiary company.			
Current Liabilities—			
Sundry Creditors		$ 11,168,657.74	
Dividend on Ordinary Shares declared December, 1937, payable 25th January, 1938		3,512,133.38	
Bond, Debenture and Share Warrant Coupons and Dividend Cheques outstanding		286,107.50	
Accrued Charges on Funded Debt		550,864.96	
Credit Balances (Provisions for Contingencies and Insurance Funds for Injuries and Damages)		4,370,564.76	
			19,888,328.34
Reserves—			
*Provisions for Depreciation and Renewals (balance after meeting renewals to date)	$78,616,244.56		
Sinking Fund Reserves	8,625,057.71		
General Amortization Reserves	18,526,841.08		
General Reserves	51,766,387.34	$157,534,530.69	
Profit and Loss—Balances 31st December, 1937—			
Brazilian Traction, Light and Power Company, Limited	$34,729,005.33		
Subsidiary Companies	145,412.10	34,874,417.43	192,408,948.12
			$425,600,241.34

*This Reserve includes Provision for Depreciation and Renewals of physical assets of companies owned or controlled by subsidiary companies.

On behalf of the Board:

MILLER LASH, } *Directors.*
WALTER GOW, }

PROFIT AND LOSS ACCOUNT for the year ended 31st December, 1937.

Revenue from operating companies including interest on advances after payment of or provision for all their charges and expenses including Depreciation, Bond and Debenture Interest and Sinking Funds		$11,375,104.10
Interest on Temporary Investments	$ 107,140.57	
Miscellaneous Income	105,286.47	
		212,427.04
		$11,587,531.14
General and Administration Expenses (including $36,323.88 covering remuneration of counsel, solicitors and legal advisers and executive officers of Brazilian Traction, Light and Power Company, Limited)	$ 401,249.94	
Provision for General Amortization	300,000.00	
		701,249.94
Balance transferred to Profit and Loss Surplus Account		$10,886,281.20

Note—

Remuneration of Directors including payments by subsidiary companies (excluding executive officers) $60,496.55.

Remuneration of counsel, solicitors and legal advisers and executive officers in Brazil and elsewhere of subsidiary and associated operating companies $452,216.15.

AND POWER COMPANY, LIMITED.

PROFIT AND LOSS SURPLUS ACCOUNT, 31st December, 1937.

Balance, 31st December, 1936			$30,890,419.23
Transferred from Profit and Loss Account		$10,886,281.20	
Less Dividends:			
Preference Shares	$ 23,604.00		
Ordinary Shares:			
50 cents per share paid 10th July, 1937	3,511,957.72		
50 cents per share declared 6th December, 1937, payable 25th January, 1938	3,512,133.38	7,047,695.10	
			3,838,586.10
Balance, 31st December, 1937			$34,729,005.33

STATISTICS OF COMBINED COMPANIES.

TRACTION

SERVICE	*1933.*	*1934.*	*1935.*	*1936.*	*1937.*
Tramways:					
Total Track (miles)	531.34	533.46	545.15	545.44	543.61
Rolling Stock:					
Passenger Cars	1,930	1,934	1,937	1,962	2,000
Freight and Service Cars	320	310	311	301	299
Funicular Railway:					
Total Track (miles)	2.56	2.56	2.56	2.56	2.56
Rolling Stock:					
Electric Locomotives	4	4	4	4	4
Passenger Cars	4	4	4	4	4
Freight and Service Cars	2	2	2	2	2
Steam Railway (Cubatão):					
Total Track (miles)	13.13	13.13	13.13	13.20	13.20
Rolling Stock:					
Steam Locomotives	5	4	3	3	3
Passenger Cars	2	2	2	2	2
Freight and Service Cars	42	42	42	42	42
Buses:					
Route (miles)	188.36	193.15	194.29	177.30	161.55
Number of Buses	173	166	160	164	149
Car Miles Run:					
Tramways	59,942,811	62,856,916	64,358,950	68,822,189	70,820,314
Funicular Railway	15,282	15,438	16,043	16,413	15,804
Buses	6,874,452	7,165,010	7,535,277	8,087,038	7,935,854
Total	66,832,545	70,037,364	71,910,270	76,925,640	78,771,972
Area Served (square miles approximate)	151	151	154	154	154
Population Served (approximate)	3,193,500	3,204,850	3,262,540	3,415,600	3,576,300
Total Passengers Carried	753,786,219	782,406,381	823,796,758	882,882,798	913,663,950

ELECTRIC LIGHT AND POWER

Kilowatt Hours Sold	903,467,487	1,013,977,127	1,119,893,048	1,235,689,195	1,352,491,613
Capacity of Generating Plants (K.W.)	317,739	321,484	321,484	367,934	412,484
Total Connected Load (K.W.)	744,091	783,083	797,396	870,182	962,812
Total Consumers	366,094	387,808	413,526	442,057	472,563
Transmission Lines (miles of circuit)	1,603.13	1,642.01	1,731.60	1,886.82	1,913.16
Distribution Lines (miles of wire)	20,530.33	21,372.34	22,322.05	23,528.54	24,855.26
Area Supplied (square miles approximate)	11,441	11,442	11,540	11,601	11,678
Population Served (approximate)	4,407,400	4,469,000	4,546,000	4,761,000	4,939,000

GAS

Gas Sold (cubic metres)	102,044,183	105,289,685	113,143,923	120,328,276	129,496,900
Total Consumers	83,208	89,042	96,963	106,448	117,167
Mains Laid (miles)	1,056.37	1,073.17	1,099.18	1,118.59	1,138.89
Stoves, Water Heaters and Other Appliances	116,966	120,688	131,417	144,013	158,148
Area Supplied (square miles approximate)	93	93	96	96	97
Population Served (approximate)	2,030,000	2,133,000	2,206,300	2,341,300	2,424,000

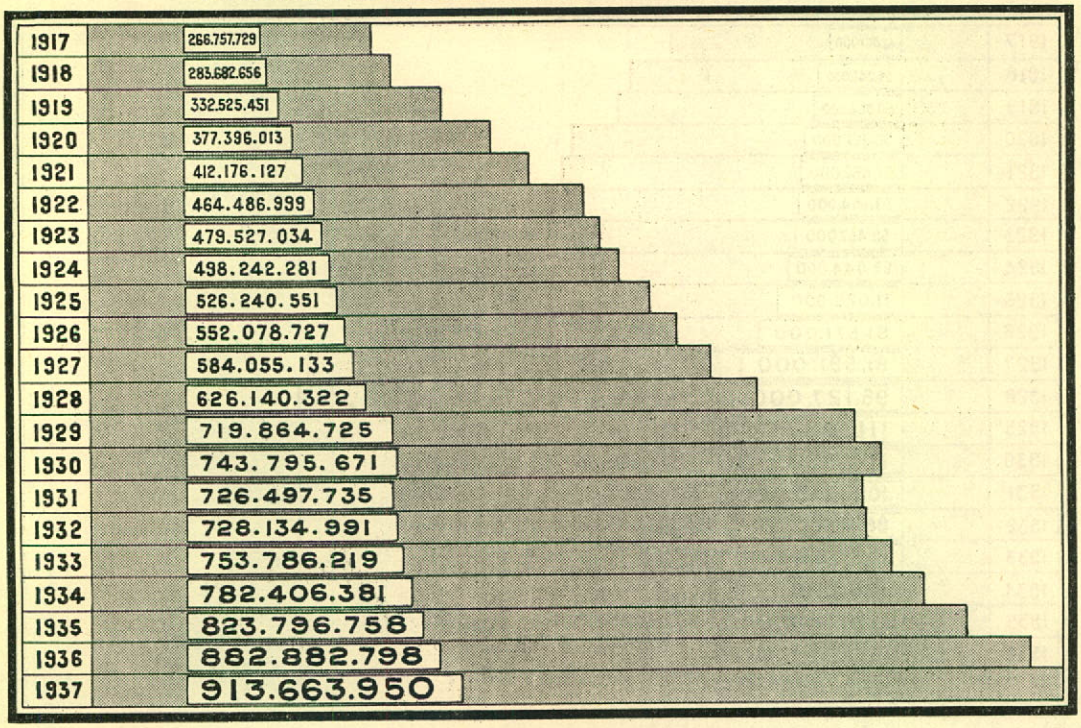
WATER

Water Sold (cubic metres)	9,660,211	9,970,876	10,487,893	10,801,942	11,268,409
Total Consumers	17,725	18,274	19,121	20,066	20,954
Trunk Mains Laid (miles)	38.68	38.68	38.68	38.68	38.68
Distribution Mains Laid (miles)	218.08	224.69	231.87	239.57	245.83
Area Supplied (square miles approximate)	52	52	52	53	53
Population Served (approximate)	165,000	170,000	170,000	179,000	179,000

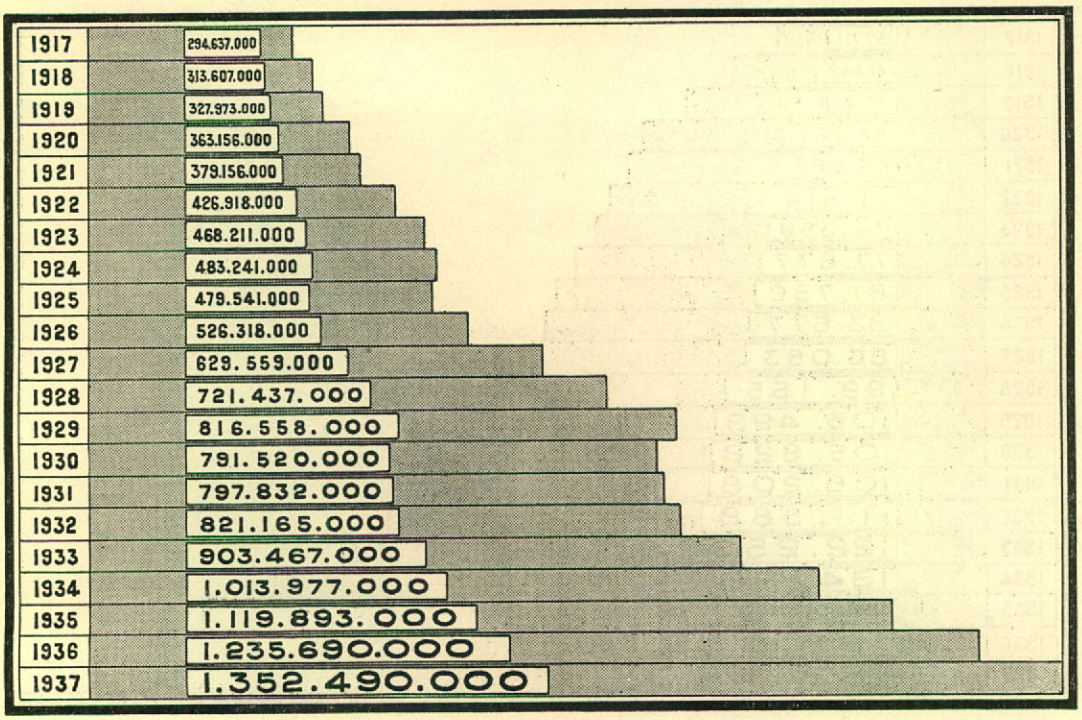
TELEPHONES

Total Number of Telephones in Service	122,253	134,886	149,034	165,852	182,840
Average Daily Calls	1,630,888	1,886,773	2,195,476	2,487,875	3,025,194
Wire Strung (miles)	530,934	594,147	669,999	783,942	910,290
Pole Lines (miles)	5,617	5,734	5,865	6,158	6,203
Area Served (square miles approximate)	85,946	85,946	85,946	85,946	88,896
Population Served (approximate)	9,372,000	9,447,000	9,673,000	9,781,000	10,121,000

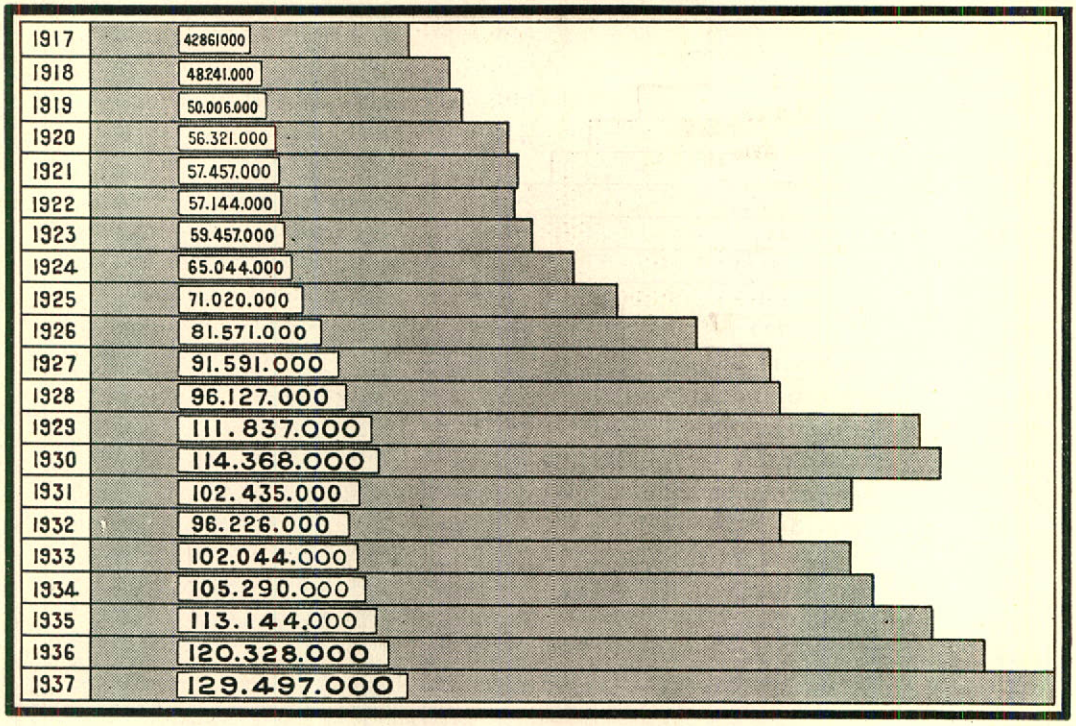
TRACTION SERVICES–PASSENGERS CARRIED



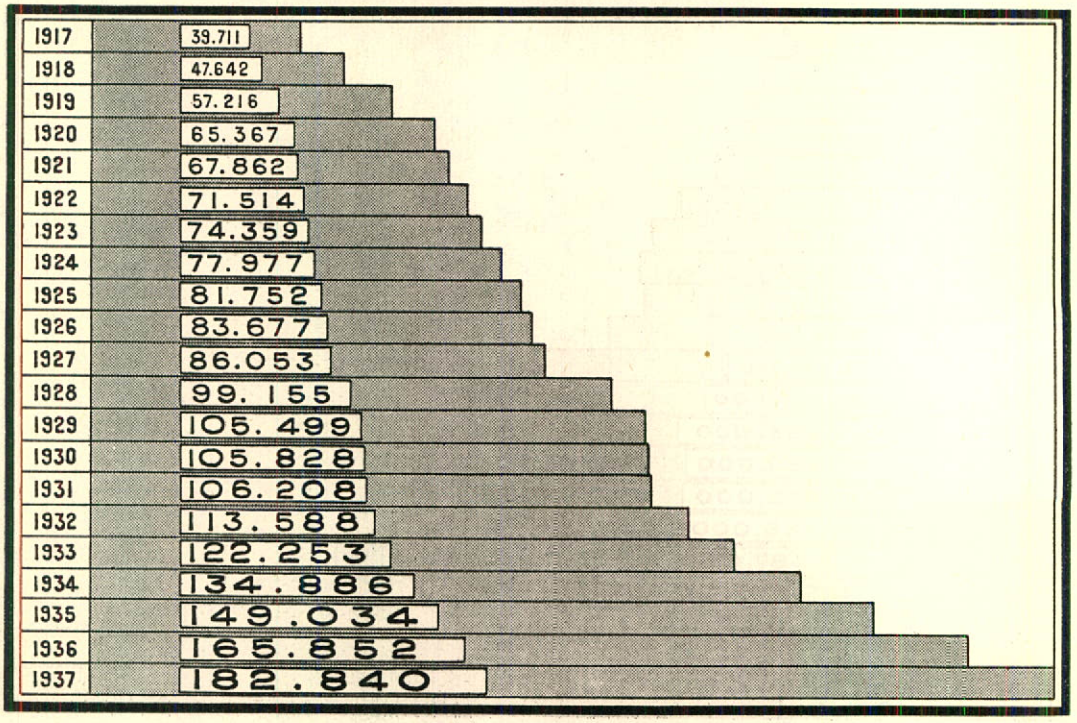
SALES OF ELECTRICAL ENERGY–K.W.HRS.

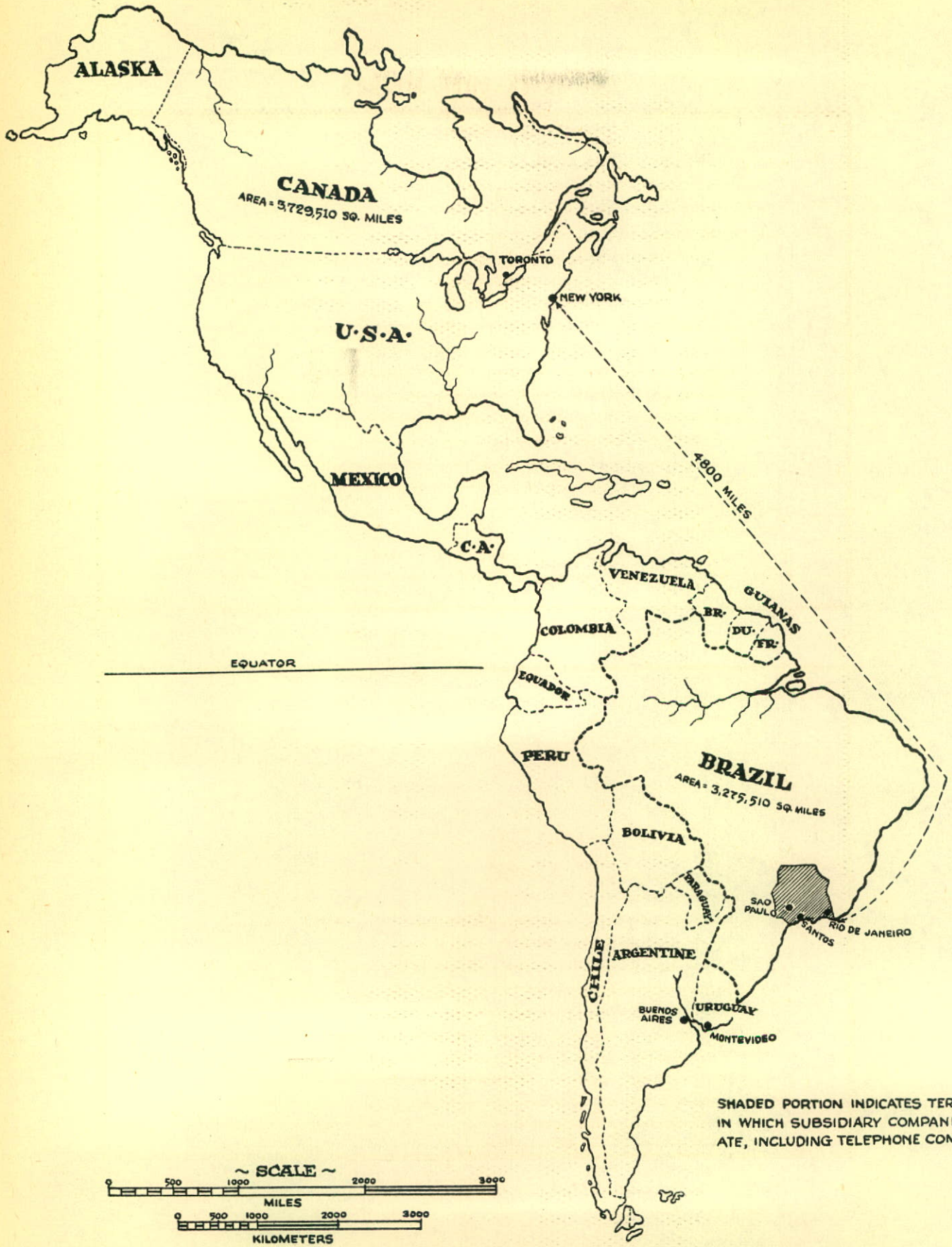


GAS SALES–CUBIC METRES

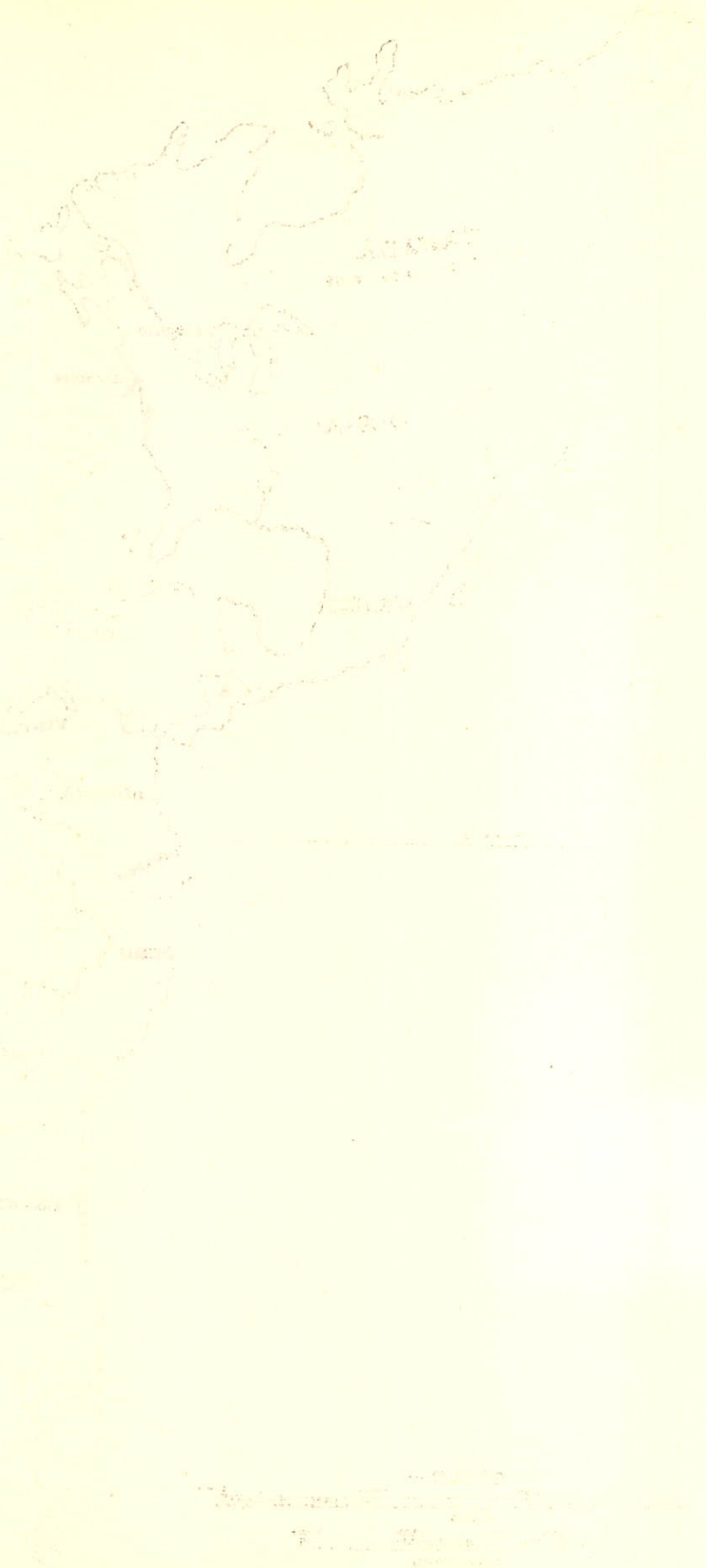


NUMBER OF TELEPHONES IN SERVICE





SHADED PORTION INDICATES TERRITORY IN WHICH SUBSIDIARY COMPANIES OPERATE, INCLUDING TELEPHONE COMPANY.



MATTO GROSSO

MINAS GERAES

ESPIRITO SANTO

S. PAULO

PARANÁ

S. CATHARINA

ARGENTINA

ATLANTIC OCEAN

Rio Grande

Rio Paraná

Rio Tieté

Rio Paranapanema

Rio Iguassú

Rio Doce

Rio S. Francisco

Rio Parahyba

CURITYBA

RIO DE-JANEIRO

VICTORIA

BRAZILIAN TRACTION, LIGHT & POWER COMPANY, LIMITED

MAP OF

SOUTH EASTERN BRAZIL

SHOWING HYDRO-ELECTRIC AND TELEPHONE DEVELOPMENT OF SUBSIDIARY COMPANIES

LEGEND

- Cities With Tramways Light, Power, Telephone and Gas
- Cities with Tramways Light, Power and Telephone
- Cities with Light, Power and Telephone
- Cities and Services supplied with Light and Power
- Cities and Towns with Telephones
- Telephone District Headquarters
- Telephone Toll Offices Only
- Telephone Repeater Stations
- Hydro Electric Power Station
- Telephone Lines
- Main Transmission Lines

SCALE OF KILOMETERS

10 0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150

SCALE OF MILES

10 0 10 20 30 40 50 60 70 80 90 100

DISTANCES BETWEEN CIRCLES 25 MILES

State Boundaries

Railways

(Corrected to 31st December, 1937)

Nº 20.250 A

ROUS & MANN, LIMITED